Subject Line: **When is Pay Day?** – Bi-weekly Payroll Conversion Update

In April 2016 we announced that the University is required to move to a bi-weekly payroll cycle on **January 1, 2018**. If you missed that announcement, you can view it and any subsequent communications on the [Human Resources website](http://www.uregina.ca/hr/assets/docs/pdf/payroll/Payroll-Calendar-2018.pdf).

This communication will focus on the new payroll calendar, the introduction of the 6-day lag from pay period end to pay day and how the University of Regina plans to address the personal impact of this transition.

**What does the new pay cycle look like?**
The new pay cycle consists of two week (14 day) pay periods that begin on a Sunday and end on a Saturday. Pay day for each pay period is on the following Friday (1 6 days later).

**Why is pay day 6 days after the pay period end?**
The *Saskatchewan Employment Act* (Section 2-33) requires that individuals must be paid no longer than 6 days after the end of the pay period. Time is always required after the pay period ends to process casual employee time cards.

**Why is the University making this change?**
The University does not have adequate human or system resources to process salaried employees on a different pay cycle, so it is necessary for all employees to move to a single bi-weekly payroll cycle for all employees.

**When is Pay Day?**
The 2018 Bi-Weekly Payroll Calendar can be found on the [Human Resources website](http://www.uregina.ca/hr/assets/docs/pdf/payroll/Payroll-Calendar-2018.pdf).

**I’m an Hourly employee, how will the pay cycle change affect me?**
Hourly employees will now be paid faster and more often. Paid day will come 6 days after the end of each 2 week pay period end instead of the current 12-15 days after the monthly pay period end.

As part of the conversion to bi-weekly pay, hourly employees will have their December 16-31, 2017 hours paid out at the beginning of January (Date TBD) instead of the normal monthly pay day of January 31, 2018.

**I’m a Salaried/ employee, how will the pay cycle change affect me?**
Overall, salaried employees will be paid faster and more often under a bi-weekly cycle.

Salary will be paid based on the number of normal working days in the pay period. A full bi-weekly pay period consists of 10 working days and equates to 1/26th of annual salary. The first and last pay cheques for salary/stipend employees will be pro-rated based on where the start and end dates of their employment fall within a pay period.
Salaried employees will also receive their pay more frequently under a bi-weekly cycle compared to a monthly payroll cycle. However, the conversion from a monthly cycle to a bi-weekly cycle will create some challenges. This is due to the introduction of the 6 day lag.

Under the monthly cycle, salaried employees would have received one month’s pay (roughly four weeks) as of January 31, 2018. However, under the bi-weekly cycle an employee will have only received 3 weeks of pay as of January 31, 2018.

Example:

Pay Period 1: January 1-6, 2018 (5 normal working days)
Pay Day: **January 12, 2018**

Pay Period 2: January 7-20, 2018 (10 normal working days)
Pay Day: **January 26, 2018**

Pay Period 3: January 21-February 3, 2018 (10 normal working days)
Pay Day: **February 9, 2018**

Total normal working days paid in January 2018: 15 = 3 weeks of pay

Please read on to learn the University’s plan to fix the conversion problem for salaried employees.

**Will any future pays be affected in the same way?**

The problem described above is a result of changing payroll cycles. Future payroll periods will NOT have the same issues. After January 2018, all future months will contain at least two full bi-weekly pay days. There will be 26 pay days per calendar year. Most months will have two pay days and twice per year there are three pay days within a month. In 2018, June and November will contain three pay days.

**How does the University of Regina plan to address the impact on salaried employees in January?**

In order to ease any financial hardship resulting from the introduction of the bi-weekly payroll and the 6 day lag in pay, the University of Regina will be making a **one-time advance of one week’s pay to salaried employees on the January 12, 2018 pay day**. The advance will be recovered in 24 equal repayments (made through deductions from payroll) starting on the third pay day of 2018 (February 9, 2018) and ending on the last pay day of 2018 (December 28, 2018). This advance will effectively spread the impact of the introduction of the six day lag over the course of the calendar year.

**Who will receive the advance?**
Through consultation with Saskatchewan Employment Standards, the Canada Revenue Agency and the University's legal counsel the University has decided that the advance is mandatory for all salaried employees who were employees employed on December 31, 2017 and who are continuing employment into 2018 (with term end dates at least March 31, 2018 or later). **There is no option to opt-out of the advance.**

**Is the advance taxable?**
The advance is taxable and applicable statutory deductions (CPP, EI and income tax) will be withheld from the advance. However each repayment will also reduce the statutory deductions. The net effect over the 2018 tax year will be nil.

The advance is not pensionable and will not affect benefit deductions.

**Will the advance be considered a taxable employer loan by CRA?**
The advance has been specifically designed to avoid creating a taxable benefit (i.e. interest free loan) to employees. The University has confirmed this with Saskatchewan Employment Standards and Canada Revenue Agency.

**How will I be notified of my advance and repayment amounts?**
Each employee will receive a letter in December 2017 outlining the amount of the advance, the payment date, the repayment installment amounts and the schedule of repayments. The advance and repayment amounts will also be clearly identified on the employee’s pay stub.

**How is the advance calculated?**
The advance will be equal to one week’s pay for each employee as at December 1, 2017 (their annual salary divided by 52 weeks). The January 1, 2018 raises for CUPE 5791 will not be included in the advance.

**Can you provide an example of the advance?**
An employee with an annual salary of $50,000 will receive an advance of $961.44 and the repayment amount per bi-weekly pay period will be $40.06.

**I am a term employee, how will this affect my eligibility for the advance and the advance repayment schedule?**
The recovery schedule will be adjusted for term employees whose employment will end before December 22, 2018 (which is the end of the last pay period paid in 2018). Their repayment amounts will be adjusted to recover the advance (in equal deductions) over the remainder of the employee’s term. If an employee’s term is expected to be renewed during the 2018 calendar year the recovery term can be extended at the applicable Dean or Director’s request.

Term employees whose term is scheduled to end between January 1, 2018 and March 31, 2018 will not be given an advance. The advance offers little benefit when the repayment period is so short. However, an advance will be given to such term employees, at the request of the applicable Dean or Director, if the employee’s term is expected to be renewed.
What if I leave the employment of the University during 2018, what happens to my advance repayment?
The unrepaid amount of the advance becomes immediately due and payable upon the employee’s resignation or termination, and will be deducted from the employee’s final payroll payment.

Have more questions?
Please feel free to contact us with any questions or concerns:

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